



PUTNAM COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-52
August 12, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2000

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Putnam, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Putnam County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county did not routinely follow-up on unpaid prisoner board bills. As of December 31, 1998, unpaid board bills totaled \$6,184 for 1998 and \$11,110 for 1997. The audit recommended controls be established to correct this situation.

Also included in the audit are recommendations to improve county budgetary procedures, county fixed asset procedures and property tax book procedures. The audit also noted an error in apportioning of railroad and utility taxes and suggested a sheriff's account be maintained within the county treasury.

YELLOW SHEET

PUTNAM COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Putnam County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Putnam County.

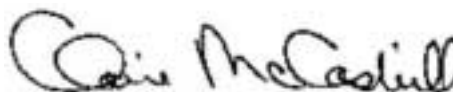
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Putnam County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 11, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Putnam County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 11, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Putnam County, Missouri

We have audited the special-purpose financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 11, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

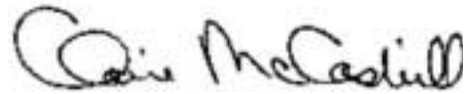
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Putnam County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Putnam County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Putnam County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

March 11, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ 112,903	382,018	411,792	83,129
Special Road and Bridge Fund	169,548	808,421	788,764	189,205
Assessment Fund	169	82,297	81,913	553
Law Enforcement Training	982	1,828	1,982	828
Prosecuting Attorney Training	549	479	0	1,028
Health Center	61,888	277,267	287,865	51,290
Law Enforcement Sales Tax	7,673	224,741	207,923	24,491
Recorder User Fees	4,440	3,455	2,000	5,895
Prosecuting Attorney Bad Check	5,385	4,776	5,209	4,952
Domestic Violence	58	282	0	340
Associate Circuit Division Interest	1,049	355	519	885
Circuit Interest	1,553	941	600	1,894
K-9	450	100	393	157
Law Library	209	2,242	2,074	377
Sheriff Safety and Poor	411	1,075	898	588
Local Law Enforcement Block Grant	2,894	11	2,895	10
911	0	8,185	0	8,185
Total	\$ 370,161	1,798,473	1,794,827	373,807

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue Fund	\$ 96,377	393,736	377,210	112,903
Special Road and Bridge Fund	246,778	698,708	775,938	169,548
Assessment Fund	54	76,955	76,840	169
Law Enforcement Training	504	1,948	1,470	982
Prosecuting Attorney Training	386	681	518	549
Health Center	48,831	357,677	344,620	61,888
Law Enforcement Sales Tax	41,783	215,127	249,237	7,673
Recorder's User Fees	3,666	2,864	2,090	4,440
Prosecuting Attorney Bad Check	5,741	5,044	5,400	5,385
Domestic Violence	223	235	400	58
Associate Circuit Division Interest	1,095	300	346	1,049
Circuit Interest	1,084	654	185	1,553
K-9	2,255	619	2,424	450
Law Library	49	1,380	1,220	209
Sheriff Safety and Poor	1,102	840	1,531	411
Local Law Enforcement Block Grant	0	7,071	4,177	2,894
Total	\$ 449,928	1,763,839	1,843,606	370,161

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PUTNAM COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 190,000	179,420	-10,580	165,000	180,034	15,034
Sales taxes	130,000	109,513	-20,487	120,000	127,392	7,392
Intergovernmental	16,789	15,298	-1,491	16,865	13,582	-3,283
Charges for services	60,450	56,879	-3,571	62,445	57,122	-5,323
Interest	4,000	9,264	5,264	8,000	3,926	-4,074
Other	10,674	11,644	970	9,400	11,680	2,280
Transfers in	27,597	0	-27,597	33,270	0	-33,270
Total Receipts	439,510	382,018	#VALUE!	414,980	393,736	#VALUE!
DISBURSEMENTS						
County Commission	48,974	49,681	-707	47,974	47,849	125
County Clerk	49,736	49,160	576	53,990	53,721	269
Elections	15,250	16,789	-1,539	4,000	5,166	-1,166
Buildings and grounds	67,658	35,501	32,157	55,976	40,771	15,205
Employee fringe benefits	36,406	37,314	-908	41,551	7,605	33,946
County Treasurer and Ex Officio						
County Collector	34,566	28,609	5,957	34,799	29,348	5,451
Circuit Clerk and Ex Officio						
Recorder of Deeds	29,984	19,186	10,798	29,094	16,810	12,284
Associate Circuit Court	10,434	8,805	1,629	10,465	10,239	226
Court Reporter	800	708	92	830	715	115
Court Administration	1,900	876	1,024	900	868	32
Public Administrator	10,761	10,338	423	6,944	10,761	-3,817
Prosecuting Attorney	55,692	53,674	2,018	52,341	50,818	1,523
Juvenile Officer	31,080	25,557	5,523	28,025	21,383	6,642
County Coroner	3,704	3,571	133	3,671	3,581	90
Health and Welfare	500	25	475	500	171	329
Other	97,567	55,998	41,569	84,685	48,117	36,568
Transfers out	0	16,000	-16,000	30,000	29,287	713
Emergency Fund	12,189	0	12,189	12,449	0	12,449
Total Disbursements	507,201	411,792	95,409	498,194	377,210	120,984
RECEIPTS OVER (UNDER) DISBURSEMENTS	-67,691	-29,774	#VALUE!	-83,214	16,526	#VALUE!
CASH, January 1	112,643	112,903	260	96,151	96,377	226
CASH, December 31	\$ 44,952	83,129	#VALUE!	12,937	112,903	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

PUTNAM COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 27,000	25,388	-1,612	25,000	25,102	102
Intergovernmental	874,398	748,458	-125,940	1,063,000	654,640	-408,360
Interest	9,500	16,562	7,062	14,000	9,130	-4,870
Other	9,000	18,013	9,013	7,000	9,836	2,836
Total Receipts	919,898	808,421	-111,477	1,109,000	698,708	-410,292
DISBURSEMENTS						
Salaries	82,267	80,289	1,978	79,872	80,179	-307
Employee fringe benefits	6,294	6,142	152	9,450	12,162	-2,712
Supplies	13,300	10,494	2,806	12,100	10,589	1,511
Insurance	3,700	2,648	1,052	3,500	3,247	253
Road and bridge materials	410,000	323,475	86,525	210,000	439,699	-229,699
Equipment repairs	2,500	293	2,207	3,500	1,997	1,503
Rentals	1,200	1,200	0	1,200	1,200	0
Equipment purchases	25,000	27,211	-2,211	15,000	4,730	10,270
Construction, repair, and maintenance	494,000	336,721	157,279	325,000	221,132	103,868
Debt Service	0	0	0	600,000	0	600,000
Other	600	291	309	1,100	1,003	97
Transfers out	27,597	0	27,597	33,270	0	33,270
Total Disbursements	1,066,458	788,764	277,694	1,293,992	775,938	518,054
RECEIPTS OVER (UNDER) DISBURSEMENTS	-146,560	19,657	166,217	-184,992	-77,230	107,762
CASH, January 1	169,288	169,548	260	246,368	246,778	410
CASH, December 31	\$ 22,728	189,205	166,477	61,376	169,548	108,172

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

PUTNAM COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSESSMENT FUND

Year Ended December 31,						
1998				1997		
Budget	Actual	Variance Favorable (Unfavorable)		Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 76,476	69,844	-6,632	67,611	56,689	-10,922
Charges for services	200	216	16	50	205	155
Interest	466	550	84	500	550	50
Other	224	687	463	240	224	-16
Transfers in	17,514	11,000	-6,514	16,087	19,287	3,200
Total Receipts	94,880	82,297	-12,583	84,488	76,955	-7,533
DISBURSEMENTS						
Assessor	92,050	81,913	10,137	83,861	76,840	7,021
Total Disbursements	92,050	81,913	10,137	83,861	76,840	7,021
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,830	384	-2,446	627	115	-512
CASH, JANUARY 1	169	169	0	54	54	0
CASH, DECEMBER 31	\$ 2,999	553	-2,446	681	169	-512

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

PUTNAM COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT TRAINING FUND

Year Ended December 31,						
1998			1997			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,000	1,796	-204	2,800	1,928	-872
Interest	0	32	32	0	20	20
Total Receipts	2,000	1,828	-172	2,800	1,948	-852
DISBURSEMENTS						
Sheriff	2,000	1,982	18	3,000	1,470	1,530
Total Disbursements	2,000	1,982	18	3,000	1,470	1,530
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	-154	-154	-200	478	678
CASH, JANUARY 1	0	982	982	504	504	0
CASH, DECEMBER 31	\$ 0	828	828	304	982	678

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

PUTNAM COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 400	449	49	800	663	-137
Interest	0	30	30	0	18	18
Total Receipts	400	479	79	800	681	-119
DISBURSEMENTS						
Prosecuting Attorney	400	0	400	900	518	382
Total Disbursements	400	0	400	900	518	382
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	479	479	-100	163	263
CASH, JANUARY 1	0	549	549	386	386	0
CASH, DECEMBER 31	\$ 0	1,028	1,028	286	549	263

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

PUTNAM COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
HEALTH CENTER FUND

Year Ended December 31,						
1998			1997			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 71,500	73,477	1,977	75,200	71,159	-4,041
Intergovernmental	125,600	102,368	-23,232	161,700	170,811	9,111
Charges for services	79,200	95,307	16,107	116,040	110,862	-5,178
Interest	4,500	4,119	-381	6,000	3,615	-2,385
Other	1,900	1,996	96	4,360	1,230	-3,130
Transfer in	5,600	0	-5,600	0	0	0
Total Receipts	288,300	277,267	-11,033	363,300	357,677	-5,623
DISBURSEMENTS						
Salaries	207,498	207,411	87	237,000	240,347	-3,347
Office expenditures	30,634	30,632	2	34,490	34,340	150
Equipment	1,354	1,354	0	7,500	6,642	858
Mileage and training	7,963	7,964	-1	14,125	11,278	2,847
Other	40,851	40,504	347	70,185	52,013	18,172
Total Disbursements	288,300	287,865	435	363,300	344,620	18,680
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	-10,598	-10,598	0	13,057	13,057
CASH, JANUARY 1	0	61,888	61,888	0	48,831	48,831
CASH, DECEMBER 31	\$ 0	51,290	51,290	0	61,888	61,888

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

PUTNAM COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT SALES TAX FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 137,000	125,623	-11,377	120,000	127,372	7,372
Intergovernmental	5,150	4,843	-307	40,542	20,026	-20,516
Charges for services	55,000	76,787	21,787	61,540	47,461	-14,079
Interest	1,000	625	-375	1,800	546	-1,254
Transfers	0	5,000	5,000	0	10,000	10,000
Other	2,700	11,863	9,163	1,800	9,722	7,922
Total Receipts	200,850	224,741	23,891	225,682	215,127	-10,555
DISBURSEMENTS						
Salaries	142,574	144,456	-1,882	152,263	151,780	483
Office Equipment	7,825	6,157	1,668	6,775	7,843	-1,068
Equipment	9,150	11,320	-2,170	31,250	34,421	-3,171
Mileage and training	9,500	7,139	2,361	9,000	11,838	-2,838
Other	38,800	38,851	-51	52,400	43,355	9,045
Total Disbursements	207,849	207,923	-74	251,688	249,237	2,451
RECEIPTS OVER (UNDER) DISBURSEMENTS	-6,999	16,818	23,817	-26,006	-34,110	-8,104
CASH, JANUARY 1	7,628	7,673	45	41,599	41,783	184
CASH, DECEMBER 31	\$ 629	24,491	23,862	15,593	7,673	-7,920

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER USER FEES FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 3,500	3,252	-248
Interest	0	203	203
Total Receipts	3,500	3,455	-45
DISBURSEMENTS			
Bookbinding	3,000	2,000	1,000
Total Disbursements	3,000	2,000	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	1,455	955
CASH, JANUARY 1	0	4,440	4,440
CASH, DECEMBER 31	\$ 500	5,895	5,395

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY BAD CHECK FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 8,000	4,585	-3,415
Interest	0	191	191
Total Receipts	8,000	4,776	-3,224
DISBURSEMENTS			
Equipment	6,000	4,123	1,877
Mileage and Training	200	86	114
Other	1,000	1,000	0
Total Disbursements	7,200	5,209	1,991
RECEIPTS OVER (UNDER) DISBURSEMENTS	800	-433	-1,233
CASH, JANUARY 1	0	5,385	5,385
CASH, DECEMBER 31	\$ 800	4,952	4,152

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
DOMESTIC VIOLENCE FUND

Year Ended December 31,			
1998			
			Variance
	Budget	Actual	Favorable
			(Unfavorable)
RECEIPTS			
Charges for services	\$ 250	275	25
Interest	0	7	7
Total Receipts	250	282	32
DISBURSEMENTS			
Other	200	0	200
Total Disbursements	200	0	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	282	232
CASH, JANUARY 1	0	58	58
CASH, DECEMBER 31	\$ 50	340	290

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSOCIATE CIRCUIT DIVISION INTEREST FUND

Year Ended December, 31			
1998			
			Variance
			Favorable
	Budget	Actual	(Unfavorable)
RECEIPTS			
Interest	\$ 772	355	-417
Total Receipts	772	355	-417
DISBURSEMENTS			
Equipment	700	519	181
Total Disbursements	700	519	181
RECEIPTS OVER (UNDER) DISBURSEMENTS	72	-164	-236
CASH, JANUARY 1	0	1,049	1,049
CASH, DECEMBER 31	\$ 72	885	813

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

PUTNAM COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
CIRCUIT INTEREST FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 500	941	441
Total Receipts	500	941	441
DISBURSEMENTS			
Equipment	300	549	-249
Other	200	51	149
Total Disbursements	500	600	-100
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	341	341
CASH, JANUARY 1	0	1,553	1,553
CASH, DECEMBER 31	\$ 0	1,894	1,894

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

PUTNAM COUNTY, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL

K-9 FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 50	13	-37
Other	1,000	87	-913
Total Receipts	1,050	100	-950
DISBURSEMENTS			
Mileage and Training	800	0	800
Other	200	393	-193
Total Disbursements	1,000	393	607
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	-293	-343
CASH, JANUARY 1	0	450	450
CASH, DECEMBER 31	\$ 50	157	107

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

PUTNAM COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	1998 and 1997
Sheriff Safety and Poor Fund	1998 and 1997
Local Law Enforcement Block Grant Fund	1998 and 1997
Recorder User Fees Fund	1997
Prosecuting Attorney Bad Check Fund	1997
Domestic Violence Fund	1997
Associate Circuit Division Interest Fund	1997
Circuit Interest Fund	1997
K-9 Fund	1997
911 Fund	1998

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Sales Tax Fund	1998
Circuit Interest Fund	1998

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 1998 and 1997, did not include the Law Enforcement Training Fund, Prosecuting Attorney Training Fund, Health Center Fund, Recorder User Fees Fund, Prosecuting Attorney Bad Check Fund, Domestic Violence Fund, Associate Circuit Interest Fund, Circuit Interest Fund, K-9 Fund, Law Library Fund, Sheriff Safety and Poor Fund, Local Law Enforcement Block Grant Fund, and the 911 Fund.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing

public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The health center's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance or by collateral securities held by the health center's custodial bank in the health center's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for both the county and the health center at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Investments

The only investment of the various funds at December 31, 1998 and 1997, was a repurchase agreement with reported amounts of \$200,000 and \$215,000, respectively, (which approximated fair value).

The reported amounts at December 31, 1998 and 1997, represent uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent in the county's name.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions

to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$56,851 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$29,032. As of December 31, 1998, \$10,888 remains to be paid.

Supplementary Schedule

Schedule

PUTNAM COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

		Pass-Through	Federal Expenditures	
Federal		Entity	Year Ended December 31,	
CFDA		Identifying		
Number	Federal Grantor/Pass-Through Grantor/Program Title	Number	1998	1997
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.7	Public Safety Partnership and Community Policing ("Cops") Grants	MO0860000	\$ 0	6,552
	Passed through:			
	State Department of Public Safety -			
16.6	Local Law Enforcement Block Grants Program	96-LBG-105	2,895	4,177
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,136	1,282
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission -			
20.2	Off-System Bridge Replacement and Rehabilitation Program	BRO-086(8)	0	894
		BRO-086(10)	276,590	0
		BRO-086(11)	6,534	189,346
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
93.3	Department of Health - Immunization Grants	PGO0064-9186IAP	3,250	1,365
	Department of Social Services -			
93.6	Child Support Enforcement	ERO103	2,547	3,015
	Department of Health -			
93.6	Child Care and Development Block Grant	ERO146-9186	1,276	0
93.9	HIV Prevention	AOC7000307	0	43,329
94.0	Maternal and Child Health Services			
	Block Grant to the States	ERO146-8186MCH	12,290	12,873
	Total Expenditures of Federal Awards		\$ 306,518	262,833

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

PUTNAM COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Putnam County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because Putnam County expended no noncash awards for the years ended December 31, 1998 and 1997, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1998 and 1997.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Putnam County, Missouri

Compliance

We have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1998 and 1997. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

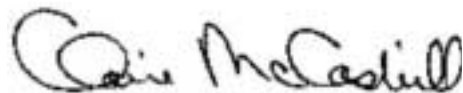
In our opinion, Putnam County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1998 and 1997.

Internal Control Over Compliance

The management of Putnam County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Putnam County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

March 11, 1999 (fieldwork completion date)

Schedule

PUTNAM COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1998 and 1997

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the financial statements
noted? _____ yes X no

Federal Awards

Internal control over major program:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for
major program: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes X no

Identification of major program:

CFDA or Other Identifying Number	Program Title
20.205	Off-System Bridge Replacement and Rehabilitation Program

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? ☐ yes ☒ no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PUTNAM COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1996, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

PUTNAM COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

2. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Bridge and Replacement Program - Off-System
Pass-Through Entity	
Identifying Number:	BRO-086(6)(8)(9)(10)(11)
Award Year:	1996 and 1995
Questioned Costs:	N/A

The county did not establish cash management procedures to ensure minimum time elapsed between the receipt of federal project monies and the disbursement of such monies to contractors.

Recommendation:

The County Commission consult with the grantor agency to resolve the questioned costs. In addition, the County Commission should establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status:

Implemented.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PUTNAM COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 11, 1999. We also have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 11, 1999.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Putnam County Memorial Hospital Board of Trustees is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and the substantiating working papers for the years ended June 30, 1998 and 1997.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials and the county board referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Putnam County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. General Fixed Asset Procedures and Controls

The County Clerk does not maintain an up-to-date listing of general fixed assets. We noted several purchases that were not added to the county's fixed asset records in a timely manner. For example, the purchase of an air conditioner costing \$1,528, a washer and dryer costing \$599, and a Dodge pickup costing \$18,411 had not been added to the general fixed asset records. The County Clerk does not periodically reconcile general fixed assets additions to equipment purchases to ensure all items are properly recorded on the general fixed asset records. In addition, a physical inventory of general fixed assets has not been conducted since 1995.

Adequate records of general fixed assets are required by state law, Section 51.155, RSMo 1994, and are necessary to properly safeguard assets from theft, and ensure the adequacy of insurance coverage. Periodic inventories are necessary to comply with state law and to ensure assets are added to inventory records.

Similar conditions were noted in previous audit reports.

WE AGAIN RECOMMEND the County Clerk maintain adequate records of general fixed assets, ensuring fixed asset purchases are added on a timely basis. This could be accomplished by periodically reconciling fixed asset additions to records of equipment purchases. An annual physical inventory should be conducted as required by state law.

AUDITEE'S RESPONSE

I will work with the County Commission to implement these recommendations.

2. Apportionment of Railroad and Utility Taxes

During our review, we noted calculation errors in the apportionment of 1998 and 1997 railroad and utility taxes by the County Clerk. These errors resulted in incorrect payments of railroad and utility taxes to the various school districts. The following table indicates the amount over or (under) paid to the various school districts for 1998 and 1997 tax collections:

<u>School District</u>	<u>Due to (From) District</u>
Putnam R-I	\$2,711
Schuyler R-I	(2,618)
Newtown-Harris R-II	(93)

WE RECOMMEND the County Clerk consult with the various school districts and the Missouri Department of Elementary and Secondary Education for guidance on how to correct these past errors.

AUDITEE'S RESPONSE

I have purchased a software program which calculates this apportionment.

3.	Sheriff's Controls and Procedures
-----------	--

- A. The Sheriff's department annually solicits advertisements from local businesses to sponsor a calendar promoting law enforcement. The advertisements cost \$45 in 1998 and \$40 in 1997. During the two years ended December 31, 1998, the Sheriff collected \$1,915 in calendar sale commissions from which advertising fees totaling \$1,795 was remitted to calendar company.

The commissions were deposited in a bank account outside the county treasury, designated as the "Safety and Poor Fund." This fund is under the control of the Sheriff and as of December 31, 1998, the balance of this account totaled \$588.

Attorney General's Opinion No.45-92 to Henderson states sheriffs are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. Monies of this type should be maintained by the County Treasurer and disbursed only as authorized by a warrant approved by the County Commission and signed by the County Clerk. Section 50.550, RSMo 1994, authorizes the County Commission to establish separate funds as necessary.

- B. Putnam County boards prisoners for surrounding counties and the city of Unionville. The Sheriff's department prepares and sends board bills to the other governments. The Sheriff's department retains one copy of the board bill and sends another copy to the County Treasurer. The board bills indicate that payments are to be made directly to the County Treasurer. When a payment is received, the County Treasurer provides a copy of the receipt slip to the Sheriff. However, neither the Sheriff's department nor the County Treasurer routinely compares prisoner board billings to subsequent payments. In addition, the Sheriff has no formal follow-up procedures for unpaid board bills. As of December 31, 1998, unpaid board bills totaled \$6,184 for 1998 and \$11,110 for 1997. Board bill payments received in 1998 and 1997 totaled \$11,451 and \$14,817, respectively.

Formal reconciliations of prisoner board bills and payments received by the County Treasurer should be performed with the Sheriff's department to ensure payments are received on a timely basis, second billings are sent out if necessary, and records are maintained accurately.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the Sheriff:

- A. Remit remaining "Safety and Poor Fund" monies and all future calendar proceeds to the County Treasurer to be placed in a fund established by the County Commission. Expenditures required by the Sheriff from this fund should be made by duly authorized warrants.
- B. Compare prisoner board billings and the subsequent payments received by the County Treasurer on a regular basis and rebill any unpaid amounts. Documentation of any subsequent billings should be maintained.

AUDITEE'S RESPONSE

- A. *I have implemented this recommendation.*
- B. *I am in the process of implementing this recommendation. Past due billings have recently been sent.*

4. Property Tax Books and Procedures

The County Clerk is responsible for preparing an annual real and personal property tax aggregate abstract of assessed valuations and taxes to be collected. Errors were made during the preparation of the aggregate abstracts and, as a result, the amount of taxes to be collected was incorrectly reported on the abstracts. The County Clerk had copied incorrect amounts from the tax books to the real estate abstract in 1997 and did not record prior years' delinquent personal and real estate taxes on the 1998 back tax abstract. As a result, the amount of taxes to be collected were understated by \$49,954 and \$77,453 for tax years 1997 and 1998, respectively. Complete and accurate aggregate abstracts are necessary for the County Clerk and County Commission to verify the accuracy of the annual settlements submitted by the Ex Officio County Collector.

WE RECOMMEND the County Clerk ensure aggregate abstracts are accurately prepared. In addition, the County Clerk should verify that property taxes to be collected per aggregate abstracts agree to amounts charged on the Ex Officio County Collector's annual settlements.

AUDITEE'S RESPONSE

I will implement this recommendation.

5. Budgetary Practices and Published Financial Statements
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- A. The County Clerk, as the budget officer of the county, and the County Commission, as the chief operating officers of the county, are responsible for preparing and approving a county budget which serves as a complete financial plan for the county. Our review of the Putnam County budget revealed the budgets did not always reflect accurate beginning cash amounts or other beginning available resources for various county funds.

For the budget documents to be of maximum assistance in setting tax levies and to adequately inform county residents of the county's operations and current financial position, all available resources should be presented.

- B. The annual published financial statements did not include the financial activity of some county funds, as required by Section 50.800, RSMo 1994. In addition, receipt and disbursement detail required by state law was missing for several of the smaller county funds.

For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

WE RECOMMEND the County Commission along with the Health Center Board of Trustees:

- A. Ensure all available resources are reflected in the county and health center budget documents respectively.
- B. Ensure the published financial statements include all county funds and detailed information in accordance with state law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will try to implement these recommendations in the future.

The Health Center Administrator provided the following responses:

- A. The Putnam County Health Department has discussed the recommendation with the accounting firm who prepared the financial statement of the budget. Putnam County Health Department agrees to implement the recommendation of revealing all available resources in the year 2000 budget. The accounting firm concurred with our decision.*
- B. The Putnam County Health Department will provide the necessary financial information to the county commissioners so they may publish it in the local newspaper.*

This report is intended for the information of the management of Putnam County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

PUTNAM COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Putnam County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1996. Finding number 2. is omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Disbursements were made in excess of approved budget amounts for some funds.
- B. Actual receipts and disbursements recorded on the budget documents did not agree to the County Clerk's computerized receipt and disbursement records.
- C. Budget information recorded on one year's budget was not always accurately recorded on the subsequent year's budget.
- D. The budgets did not always reflect accurate beginning cash amounts or other beginning available resources.
- E. Formal budgets were not prepared and filed with the State Auditor's Office (SAO) for a number of funds.
- F. The annual published financial statements did not include the financial activity of some county funds as required by state law. In addition, disbursement detail required by state law was missing.

Recommendation:

- A. The County Commission keep expenditures within the amounts budgeted. If excess expenditures are necessary, the extenuating circumstances should be fully documented in the County Commission's minutes and the budgets properly amended.
- B. The County Clerk ensure budget documents are supported by adequate source documentation and reflect accurate receipts, disbursements, and beginning cash balances.
- C. The County Clerk ensure budget information is accurately transferred from one year's budget to that of the subsequent year.
- D. The County Clerk ensure all available resources are reflected in the budget documents.

- E. The County Commission, along with the County Clerk, ensure budgets are prepared for all county funds and submitted to the SAO as required by state law.
- F. The County Commission and County Clerk ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.

Status:

- A. Partially implemented. The county incurred two instances of allowing actual expenditures to exceed budgeted expenditures for various funds during the audit period. The excess amounts for the two funds combined totaled \$174. Although not repeated in the current report, our recommendation remains as stated above.
- B&C. Partially Implemented. While isolated errors were again noted, significant improvement was made in these areas. Although not repeated in the current report, our recommendation remains as stated above.
- D&F. Not implemented. See MAR No. 5.
- E. Partially implemented. The number of funds not budgeted in 1998 decreased significantly from 1997. Although not repeated in the current report, our recommendation remains as stated above.

3. County Expenditures

- A. The county did not obtain a professional appraisal to value land prior to its purchase.
- B. The county purchased meals from various vendors for prisoners incarcerated in the county jail. The vendors submitted invoices monthly for the total amount due, but the invoices did not contain information on the number of meals delivered, the grocery items purchased, or the prices for the meals and grocery items. In addition, a record of meals received was not prepared by the Sheriff's Office.

Recommendation:

- A. The County Commission obtain professional appraisals on land it considers purchasing and review all possible options for the most cost-effective method of obtaining land.
- B. The Sheriff maintain a record of meals received. The vendor should be required to submit an invoice of meals served and the County Clerk should review the Sheriff's records and investigate any differences between the Sheriff's records and the vendor's invoice. The Sheriff should also retain individual store receipts for grocery items purchased, and submit them to the County Clerk monthly. The County Clerk should reconcile the receipts to the vendor invoices and investigate any differences.

Status:

Implemented.

4. General Fixed Assets Records and Procedures

The County Clerk did not maintain adequate records of general fixed assets. The fixed asset listing was not maintained in a manner that allowed beginning assets plus additions less dispositions to be reconciled to an ending asset balance. Periodic inventories were not conducted. Purchases were not added to the county's fixed asset records in a timely manner and periodic reconciliations of general fixed asset additions to equipment purchases were not performed.

Recommendation:

The County Clerk maintain adequate records of general fixed assets, ensuring fixed asset purchases are added on a timely basis. This could be accomplished by periodically reconciling fixed asset additions to records of equipment purchases. An annual physical inventory should be conducted as required by state law.

Status:

Not implemented. See MAR No. 1.

5. Sheriffs' Controls and Procedures

- A. Calendar sales commissions were deposited into a bank account outside the county treasury, designated as the "Safety and Poor Fund."
- B. Bank reconciliations were not prepared for the "Safety and Poor Fund" on a monthly basis.
- C. Receipt slips were not issued for the "Safety and Poor Fund" receipts.
- D. Documentation was not adequate to support several expenditures made from the "Safety and Poor Fund."
- E. Neither the Sheriff's department nor the County Treasurer routinely compared prisoner board billings to subsequent payments. There were no formal follow-up procedures for unpaid board bills.
- F. The county did not maintain documentation of matching funds provided. It appeared federal payments of \$1,133 were not matched by the county.

Recommendation:

The Sheriff:

- A. Turn remaining "Safety and Poor Fund" monies and all future calendar proceeds over to the County Treasurer to be placed in a fund established by the County Commission. Expenditures required by the Sheriff from this fund should be made by

duly authorized warrants. If this recommendation is not implemented, procedures described in parts B-D are necessary to adequately account for the fund.

- B. Perform monthly bank reconciliations for the "Safety and Poor Fund."
- C. Issue receipt slips for all monies received for the "Safety and Poor Fund," and ensure the amount and composition of receipts agrees to bank deposits.
- D. Ensure adequate supporting documentation is maintained for all "Safety and Poor Fund" expenditures.
- E. Compare prisoner board billings and the subsequent payments received by the County Treasurer on a regular basis and rebill any unpaid amounts. Documentation of any subsequent billings should be maintained.
- F. Consult with the grantor agency to resolve the questioned costs. In addition, the Sheriff should ensure proper documentation is retained for grant programs.

Status:

A&E. Not implemented. See MAR No. 3.

B-D. Implemented.

F. Not Implemented. The prior questioned costs have not yet been resolved. The county withdrew from the COPS program in July 1997. Although not repeated in the current report, our recommendation remains as stated above.

6. Ex Officio County Collector's (EOC) Procedures

- A. The Collector's annual settlements contained significant errors.
- B. Delinquent tax books were not updated daily.

Recommendation:

The EOC:

- A. File accurate annual settlements.
- B. Record delinquent payments in the delinquent tax books daily.

Status:

Implemented.

7. Prosecuting Attorney's Records and Procedures

- A. Receipt slips were not issued for some monies received, were not prenumbered by the printer, and some did not indicate the method of payment.
- B. Monthly bank reconciliations were not performed for the Prosecuting Attorney's bank account from August 1996 to December 1996. In addition, the cash control ledger was not complete. Monthly receipts and disbursements were not totaled in the cash control ledger and a book balance was not determined.
- C. An open-items (liabilities) listing was not prepared and reconciled to the bank balance on a monthly basis during the audit period.
- D. Accounting duties were not adequately segregated.

Recommendation:

The Prosecuting Attorney:

- A. Issue prenumbered receipt slips for all monies received, and periodically account for the numerical sequence of the receipt slips issued. In addition, the Prosecuting Attorney should ensure that the composition of receipt slips issued is reconciled to bank deposits.
- B. Perform monthly bank reconciliations and determine total book receipts, disbursements, and the cash balance on a monthly basis.
- C. Prepare an open items listing on a monthly basis. The open items listing should be reconciled to the reconciled bank balance on the bank reconciliation.
- D. Adequately segregate accounting duties to the extent possible or perform periodic documented supervisory reviews of the records.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PUTNAM COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Putnam, Missouri was named after General Israel Putnam, a Revolutionary War hero. Putnam County is a township-organized, third-class county and is part of the 3rd Judicial Circuit. The county seat is Unionville.

Putnam County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Putnam County received its money in 1998 and 1997 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 204,808	17	205,136	19
Sales taxes	109,513	9	127,392	11
Federal and state aid	763,756	65	668,222	62
Fees, interest, and other	112,362	9	91,694	8
Total	\$ 1,190,439	100	1,092,444	100

The following chart shows how Putnam County spent monies in 1998 and 1997 from the General Revenue and Special Road and Bridge Funds:

USE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 328,990	27	301,428	26
Public safety	82,802	7	75,782	7
Highways and roads	788,764	66	775,938	67
Total	\$ 1,200,556	100	1,153,148	100

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In addition, significant sales tax receipts and public safety expenses are accounted for in the Law Enforcement Sales Tax Fund. Receipts of the Law Enforcement Sales Tax Fund were

\$224,741 and \$215,127 for the years ended December 31, 1998 and 1997, respectively. Disbursements were \$207,923 and \$249,237 for the years ended December 31, 1998 and 1997, respectively.

The county maintains approximately 189 county bridges and 515 miles of county roads.

The county's population was 5,916 in 1970 and 5,079 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		1998	1997	1985*	1980**	1970**
		(in millions)				
Real estate	\$	30.8	29.5	20.2	15.5	11.1
Personal property		13.2	12.7	6.9	8.8	4.1
Railroad and utilities		3.3	3.3	1.7	2.3	1.8
Total	\$	47.3	45.5	28.8	26.6	17.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Putnam County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		1998	1997
General Revenue Fund	\$.48	.48
Special Road and Bridge Fund		***	***
Health Center Fund		.16	.16
Hospital Fund		.37	.37

*** The county retains an amount equal to one-seventh of the tax levy per \$100 assessed valuation from road and bridge taxes levied by the townships per Section 137.585.2, RSMo. The county also retains an amount equal to one-fifth of the tax levy per \$100 assessed valuation from the road and bridge taxes levied by road districts.

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Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		1999	1998
State of Missouri	\$	13,934	13,749
General Revenue		229,665	224,425
Road and Bridge		160,259	156,601
Assessment		25,005	24,115
Health Center		73,746	72,774
School districts		1,563,883	1,533,990

Library district	69,162	68,251
Ambulance district	179,494	177,313
Fire protection district	36,939	35,427
County Hospital	170,400	168,353
Watershed district	21,309	20,963
Townships	206,901	192,922
Nursing home districts	69,072	68,160
Surtax	67,468	65,292
Investment interest	1,775	2,025
Cities	11,373	10,281
County Employees' Retirement	2,235	2,306
Commissions and fees:		
Township Collectors	27,642	26,949
General Revenue Fund	16,463	18,768
Total	\$ <u>2,946,725</u>	<u>2,882,664</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	1999	1998
Real estate	95 %	96 %
Personal property	92	93
Railroad and utilities	100	100

Putnam County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.005	None	None
Law Enforcement	0.005	None	None
::			

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	1999	1998	1997
County-Paid Officials:			
Charlie Fowler, Presiding Commissioner	\$	13,245	13,245
Chuck Blue, Associate Commissioner		13,245	13,245
Danny Valentine, Associate Commissioner		13,245	13,245
Sue Ann Varner, County Clerk		23,525	23,525
James Garrett, Prosecuting Attorney		27,290	27,290
Ron Robbins, Sheriff		30,690	30,690
Dr. W. Stephen Casady, County Coroner		2,760	2,760
Deena Hofstetter, Public Administrator *		9,500	9,500
Sharon Thompson-Parks, Treasurer and Ex Officio County			
Collector, year ended March 31,	21,247	21,247	
Paul Rouse, County Assessor , year ended			
August 31,**		28,800	23,400

- * Includes fees received from probate cases.
- ** Includes \$900 annual compensation received from the state.

State-Paid Officials:

Maribeth DeHaven, Circuit Clerk and Ex Officio Recorder of Deeds	42,183	40,176
Jeri Bush, Associate Circuit Judge	85,158	81,792

A breakdown of employees (excluding the elected officials) by office at December 31, 1998, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission (1)	2	0
Circuit Clerk and Ex Officio Recorder of Deeds	0	2
County Clerk	1	0
Prosecuting Attorney	1	0
Sheriff (2)	7	0
County Assessor	1	0
Associate Division (3)	0	2
Road and Bridge	4	0
Health Center (4)	7	0
Total	<u>23.0</u>	<u>4.0</u>

- (1) Includes 1 part-time employee.
- (2) Includes four part-time dispatchers. One employee works both full-time as a secretary and part-time as a dispatcher.
- (3) Consists of one full-time employee who is state paid and one part-time employee who is compensated for 1 day a week by the county and 4 days a week by the state.
- (4) Includes 2 part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Putnam County's share of the Third Judicial Circuit's expenses is 18.26 percent.

During 1998, a county 911 board was created. The establishment of the board was related to a county-wide sales tax of 1/2 percent which was approved by voters during the April 1998 election for the purpose of implementing and operating an Enhanced 911 System.